

Income on United States Foreign Investments

EARNINGS on United States private and Government foreign investments and credits, including earnings retained abroad, reached \$2.7 billion in 1952, an increase of about \$70 million over the previous year. This increase was much less than in other postwar years, excepting 1949, and compares with an increase of over a half billion dollars in 1951.

This article brings up to date the summary facts on income from direct private investments abroad. *Foreign Investments of the United States* gave detailed results of the 1950 census of foreign investments, presenting complete data on value, location, industry distribution, and other essential characteristics of direct investments.

The data on income flows from foreign investment in this article supersede previously published estimates for 1951 and 1952. Statistics in extension of the 1950 census on capital movements and the value of direct investments for these years are scheduled to appear in our January 1954 issue.

Income on private portfolio investments and interest received on United States Government credits, which account for a relatively small part of foreign earnings, rose by very small amounts in 1952.

Earnings of direct investments abroad, which account for about 85 percent of total earnings on foreign investments, amounted to \$2.3 billion. The petroleum industry, which currently has about 30 percent of the total value of direct investments abroad and over 40 percent of the earnings, showed substantially higher 1952 earnings. Agricultural, manufacturing, and mining and smelting enterprises had lower earnings than in 1951. Developments which affected the latter industries included price declines of some basic commodities, higher taxes and other costs, a moderate setback in industrial production in some countries, and large exploratory expenses charged to income. But an important factor is that much of the recent investment has been in enterprises which have not yet reached the production and earnings stage.

Partial data available for the first 9 months of 1953 indicate little change in direct investment earnings from the 1952 amount. Prices of many mineral and agricultural commodities produced abroad by the United States-controlled enterprises were again lower in 1953, but there was no major change in petroleum production or prices. Industrial activity in many foreign countries turned up late in 1952 and continued to rise in 1953, so that manufacturing earnings are expected to be up.

An important development in 1952 was an increase to \$875 million in the amount retained abroad by foreign-incorporated subsidiary companies. As a result there was a decline in the income from these enterprises as shown in the balance of payments. Such income consists of dividends, interest and branch profits, after payment of all foreign

taxes. Data so far available for 1953 indicate a similar distribution, with earnings, retained earnings and dividends each remaining close to the 1952 amount.

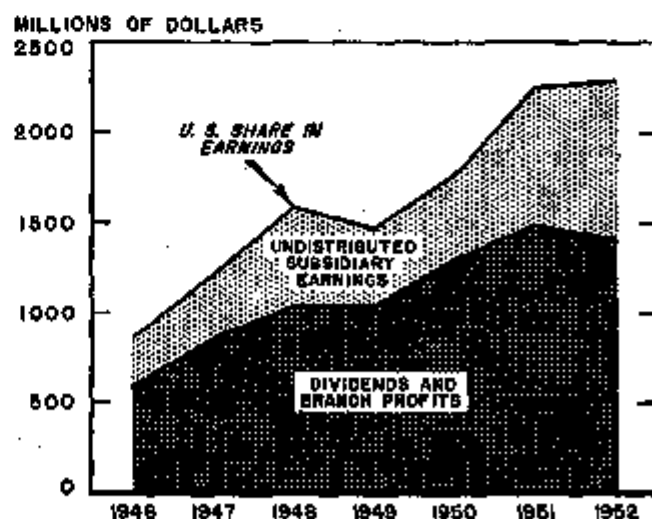
Data are not currently available on the amount of foreign income taxes paid by the direct investment enterprises abroad. The recent census of direct foreign investments showed that in 1950 the companies, in the aggregate, paid foreign taxes of about 30 percent on their foreign earnings. The percentage was undoubtedly considerably higher in 1951 and 1952 as many foreign countries increased their income tax rates. The earnings data reported in this article are measured after payment of such foreign taxes.

Petroleum earnings up—other industries decline

Foreign earnings on petroleum investments reached a total of \$1 billion in 1952—13 percent larger than in 1951. The continued high earnings of the petroleum industry are based primarily on its ability to raise output from the properties which were developed after the war. With an output of about 1 billion barrels in 1952, the production of American companies abroad was equal to about 55 percent of world production outside the United States and Russia. World oil output outside the United States, Iran, and Russia, increased by 555 million barrels per year from 1950 to 1952. Over half of this increase was contributed by the American

Postwar Foreign Earnings of Direct Investment Companies

Earnings rose in 1952, but a record amount was retained abroad



companies operating abroad. About one-third of the oil produced by the United States companies abroad entered the United States market in the 1949-52 period.

NOTE.—MR. PIZER AND MR. CUTLER ARE MEMBERS OF THE STAFF OF THE BALANCE OF PAYMENTS DIVISION, OFFICE OF BUSINESS ECONOMICS.

Whereas earnings of other industries were reduced by higher foreign taxes in 1951 and 1952, the oil producers had already experienced the bulk of such tax increases in 1949 and 1950. Moreover the prices of oil products were quite stable in 1952 while prices of other raw materials declined. Another factor bolstering the earnings of petroleum companies was the growth of their tanker operations, which by 1952 were accounting for about 10 percent of their foreign earnings.

Despite their larger earnings the petroleum companies remitted smaller amounts to the United States than in 1951. Out of their branch profits of about \$550 million, about 40 percent in the aggregate was retained abroad in 1952, as against a negligible amount in the previous year. Out of subsidiary earnings of \$465 million, only about \$130 million was paid out as dividends in 1952, although some of the remainder was remitted as intercompany advances.

Table 1.—United States Income Receipts From and Earnings on Foreign Investments, by Type, 1950-52

[Millions of dollars]				
Item	Type	1950	1951	1952
1	Direct foreign investments:			
2	Income receipts, after all foreign taxes.....	1,304	1,492	1,410
3	Common dividends.....	614	608	594
4	Preferred dividends.....	8	8	0
5	Interest.....	48	42	44
6	Branch profits.....	624	834	843
7	Plus: U. S. equity in undistributed subsidiary profits.....	475	752	876
8	Foreign withholding taxes on dividends.....	23	42	37
9	Less: Preferred dividends and interest.....	29	50	53
10	U. S. equity in earnings of direct-investment companies.....	1,760	2,230	2,280
11	Private portfolio income receipts.....	181	185	196
12	United States Government income receipts.....	109	162	204
13	Total balance of payments income receipts from foreign investments (Item 1+10+11).....	1,884	1,880	1,870
14	Total earnings on foreign investments (Item 9+10+11).....	2,056	2,613	2,480

Source: U. S. Department of Commerce, Office of Business Economics.

About one-third of the 1952 increase in petroleum earnings was derived from increased output in the Middle East, another third resulted from the recent expansion in refining and other facilities to serve the needs of Western Europe, and the remainder was mainly based on continued high levels of activity in the Western Hemisphere. Charges against income on account of exploration expenses were quite large for Canada, virtually offsetting the income from operations.

Petroleum earnings in the first half of 1953 were approximately at the 1952 rate. Moderately higher prices in the second half of the year and a continued large output to meet market demands are expected to raise the annual total slightly above the previous year.

Manufacturing industries

Earnings from manufacturing in 1952 were \$640 million, \$50 million below the 1951 total. Lower earnings were reported in all areas where manufacturing investments were important.

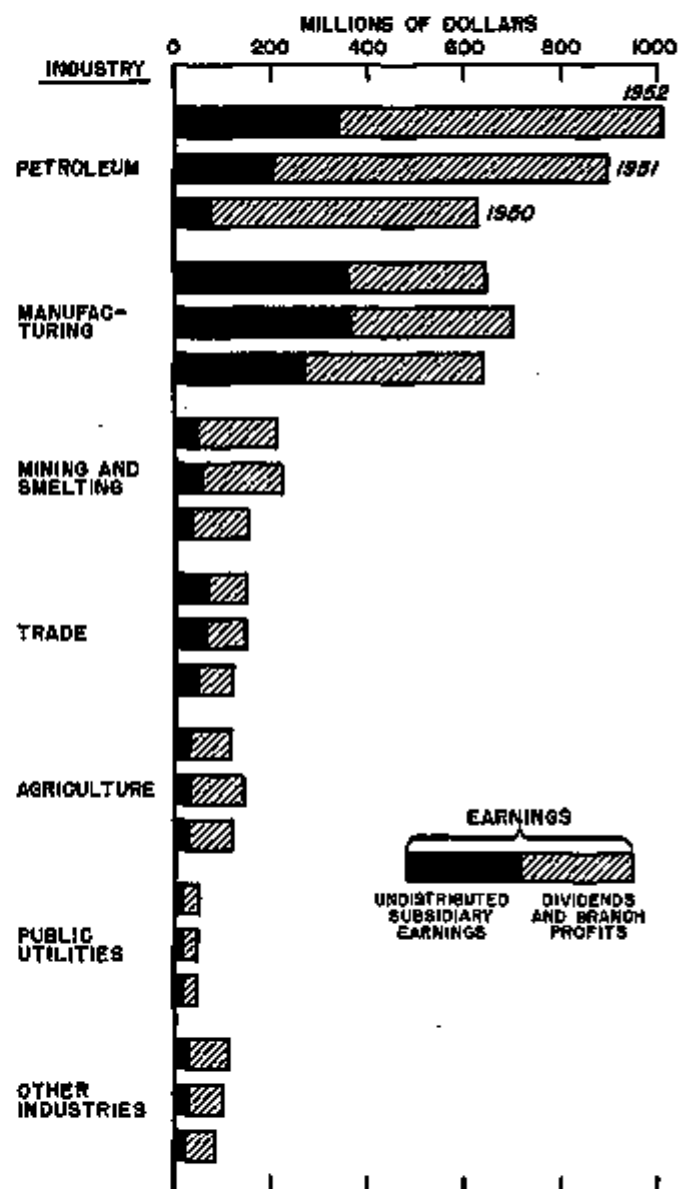
In Canada, the course of business was similar to that in the United States, with manufacturing companies showing smaller profits before taxes. However, nearly all the reduction in direct-investment manufacturing earnings resulted from lower earnings of companies in the paper and pulp industry, with other lines of manufacturing apparently virtually unchanged from 1951.

Lower manufacturing earnings in Europe coincided with a moderate downturn in industrial production in the second and third quarters of 1952, although in most countries industrial activity was on the increase from the latter part of 1952 and continued up in 1953. All the European coun-

tries where United States manufacturing investments are substantial were similarly affected. The decline in production was particularly noticeable in the United Kingdom, which accounts for more than half of the manufacturing earnings in this area, with the great majority of companies reporting substantially lower earnings. Some of the decline in the United Kingdom is probably attributable to an excess profits tax which went into effect in 1952 and extended through 1953, although profits declined also before taxes.

Direct Foreign Investments

U. S. Share in Earnings, by Industry



U. S. DEPARTMENT OF COMMERCE, OFFICE OF BUSINESS ECONOMICS

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On the whole the falling off in manufacturing earnings was quite moderate, about 7 percent, but it represented the first interruption of regular annual postwar gains. However, the general improvement in the economic situation of foreign countries in 1953, plus the continued additions to manufacturing plant and equipment, should result in some improvement in earnings this year.

Earnings of mining and smelting companies were also moderately lower in 1952. For this industry the course of

prices of various minerals is an important influence in earnings. These rose sharply from 1950 to a peak in 1951, as prices of nonferrous metals rose, and declined with the downturn of prices for many of these metals in 1952. The downward movement of earnings, reinforced by the interruption of Chilean copper production and sales, apparently continued in 1953. The only exceptions to this downturn were in some areas, such as Africa, where recent investments have brought about considerable increases in the production of some metals. A large part of the more recent mining investments, particularly in the development of iron ore, is in facilities which are not yet completed, so that earnings of mining enterprises should reflect this added investment in the future.

Among other industries, the greatest decline in earnings—20 percent—took place in agriculture. Most of the investments in this industry are in the production of sugar and bananas in the Caribbean area, and to a lesser extent in the production of rubber, fibres, fats and oils, cork, etc. Prices of most of these commodities fell very sharply in 1952 and continued to decline in 1953, and there was also costly damage from storms and other natural causes. The recent seizure of agricultural properties in Guatemala will tend to reduce future earnings of the industry.

Income receipts from many countries lower

The revised data for earnings and income receipts from individual countries for the 1950-52 period are given in table 4. Income receipts from a large number of countries were reduced in 1952 because of reduced earnings for some industries, as well as the higher proportion of subsidiary earnings retained abroad. Only in the European dependencies in the Middle East, where oil production was greatly expanded, did both earnings and income receipts increase significantly.

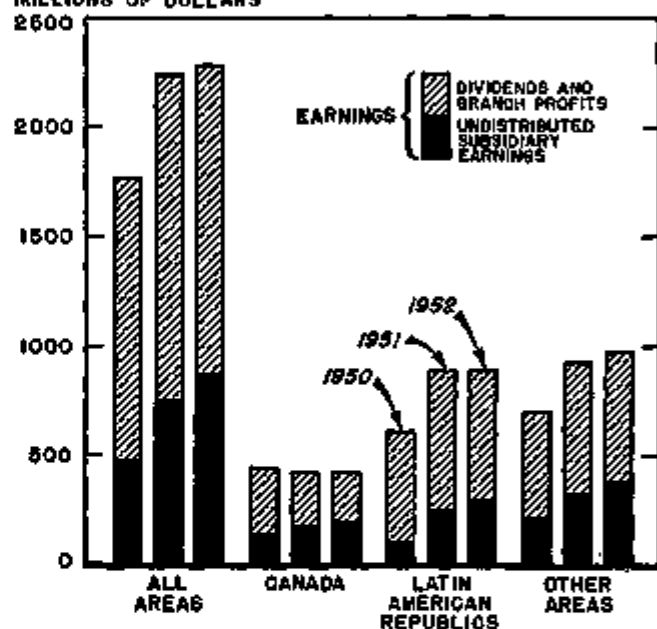
Earnings of direct-investment enterprises in Latin America were unchanged from 1951, and with about 40 percent of the total continued to exceed earnings in any other area. However, there was a drop of \$50 million in direct-investment income receipts from Latin America resulting from reduced dividends. Earnings were somewhat lower in Chile and Peru, where the effects of falling metal prices and rising costs

were important, and for the Caribbean countries such as Cuba and the Dominican Republic where declining earnings of agriculture were primarily responsible. Petroleum earnings in Venezuela increased sufficiently to offset most of the reductions elsewhere. Income receipts from most countries in Latin America were reduced in 1952 from peaks established in 1951. In most cases lower income receipts resulted from lower earnings, but in some countries, such as Brazil and Venezuela, earnings were up while dividend distributions were reduced.

Direct Foreign Investments

U. S. Share in Earnings, by area

MILLIONS OF DOLLARS



U. S. DEPARTMENT OF COMMERCE, OFFICE OF BUSINESS ECONOMICS

53-123-4

Table 2.—United States Income Receipts on International Investments, by Area and Type, 1950-52

(Millions of dollars)

Year and Type	Total	Canada	Latin American Republics	Western Europe	Western European dependencies	Other countries	International institutions
1952							
Private.....	1,615	348	619	180	127	339	21
Direct.....	1,419	222	559	120	121	345	21
Portfolio.....	196	126	90	30	—	—	—
United States Government.....	284	(1)	18	137	—	10	—
Total.....	1,619	348	637	330	127	379	21
1951							
Private.....	1,677	302	680	145	100	396	4
Direct.....	1,472	226	652	119	100	376	4
Portfolio.....	195	126	17	30	—	—	—
United States Government.....	102	(1)	10	106	—	18	—
Total.....	1,609	302	683	301	100	404	4
1950							
Private.....	1,476	411	640	141	98	270	4
Direct.....	1,294	284	572	111	98	280	4
Portfolio.....	181	117	18	30	—	—	—
United States Government.....	100	(1)	14	78	—	10	—
Total.....	1,554	411	654	310	98	290	4

1. Less than \$500,000.

Source: U. S. Department of Commerce, Office of Business Economics.

Earnings in Canada of direct-investment companies were about the same in 1952 as in the previous year, but were under the 1950 amount, principally because of higher tax rates. However, income receipts were down moderately from 1952 as manufacturing companies paid lower dividends and branches of petroleum companies continued to show substantial losses because of the expanded exploratory activity and the resultant expenses charged to income.

There was very little change in either earnings or income receipts from Western European countries. A decline in manufacturing earnings in this area was offset by a continued rise in the earnings of expanding investments in petroleum refineries and distribution facilities.

In the rest of the world earnings were increased by a small amount because of higher petroleum earnings but there was a marked reduction in income receipts as dividend payments fell off.

Growing importance of retained earnings

In each year since the war the foreign-incorporated subsidiaries of American companies have increased the amount which they have retained abroad out of their foreign earnings. On the average about 50 percent of their earnings were retained abroad, but in 1952 this proportion rose to 62 percent.

On the basis of the census of direct private foreign investment, the foreign subsidiaries had on their books at the end of 1950 a little over \$3 billion of undistributed profits. In the following 2 years, as shown in table 5, undistributed profits of over \$1.6 billion were added to this total, illustrating the cumulative growth of this source of funds.

In general, these additional sums could be utilized in three principal ways: (1) the expansion of plant and equipment or necessary working balances; which has been by far the most important, (2) as intercompany loans or advances to parent companies, or (3) as more or less idle or unproductive funds in countries where neither local permanent investment or remittance to the United States was feasible. The data currently collected on direct investments abroad do not provide a good basis for determining the relative amounts utilized for these purposes, but some generalizations are possible.

For Canada and the United Kingdom, which together accounted for about \$300 million out of \$875 million of undistributed profits in 1952, retained earnings were probably largely for the expansion of existing investments. There are no restrictions on income remittances from these countries, and there is no indication of large intercompany advances. Another \$200 million of undistributed profits was in various dependencies or countries in Asia and Africa. A check of the companies active in these countries, particularly petroleum companies, indicates that in the main the retained earnings were utilized for permanent investment. In many noteworthy cases the companies were not only retaining profits abroad but were adding substantial funds for new investment.

The situation in the Latin American countries with respect to undistributed subsidiary profits is less clear. In Mexico and Panama, accounting for about \$90 million of the total, the data indicate that a large part of the undistributed profits was remitted back to the parent companies through the intercompany accounts. On the other hand a large part of the undistributed profits in Venezuela probably went into the continuing growth of the petroleum industry. In Brazil there were large undistributed profits, and for most companies additional funds were also provided by the United States parent companies. However, both types of investment were made involuntarily, at least in part, because of the severe restrictions on dollar remittances for income or other payments.

On the whole, the available data indicate that the greater part of undistributed profits in 1952 was retained abroad to facilitate the long-term development of the foreign enterprises.

A similar segregation of earnings as between distributed earnings and retained earnings is not made on the books of branch enterprises. Nevertheless, an approximation of this segregation which is sufficiently accurate for purposes of comparison can be obtained by assuming that branch profits were retained abroad to the extent they did not exceed the net additions to branch assets in a given year. (See table 6.)

According to this criterion, applied country by country and industry by industry, about 40 percent of all branch profits were retained abroad in 1952, much more than in the preceding two years. Most important in this connection was a sharp upturn in the investment activity of branches of mining and petroleum companies. Although the branch

Table 3.—U. S. Equity in Direct Investment Earnings and Income Receipts by Type, Area and Industry, 1950-52
(Millions of dollars)

Industry	Total			Canada			Latin American Republics			Western Europe			Western European dependencies			Other countries		
	1950	1951	1952	1950	1951	1952	1950	1951	1952	1950	1951	1952	1950	1951	1952	1950	1951	1952
All industries:																		
Earnings.....	1,760	2,236	2,230	445	429	418	616	668	638	205	302	305	130	128	154	840	668	513
Income receipts.....	1,294	1,492	1,419	294	258	222	582	582	480	111	119	125	96	108	127	250	377	343
Branch profits.....	624	831	865	12	-2	-3	300	379	372	23	30	20	51	66	68	179	265	270
Dividends and interest.....	670	666	554	332	256	228	102	179	127	89	90	103	45	41	28	71	111	73
Agriculture:																		
Earnings.....	115	149	113	1	1	1	80	107	84	(1)	(1)	(1)	4	3	3	20	20	24
Income receipts.....	81	110	85	1	(1)	(1)	70	92	73	(1)	(1)	(1)	4	3	1	11	15	11
Branch profits.....	66	95	68	(1)	(1)	(1)	55	65	67	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Dividends and interest.....	30	44	28	(1)	(1)	(1)	21	27	15	(1)	(1)	(1)	(1)	(1)	(1)	11	14	11
Mining and smelting:																		
Earnings.....	148	220	209	42	68	64	60	104	96	3	4	5	15	28	31	10	14	23
Income receipts.....	112	169	160	31	34	26	64	87	81	1	1	1	12	25	27	3	12	14
Branch profits.....	58	87	83	(1)	(1)	(1)	61	76	70	(1)	(1)	(1)	8	10	13	(1)	(1)	(1)
Dividends and interest.....	54	72	77	31	34	36	14	21	11	(1)	(1)	(1)	5	16	15	3	12	14
Petroleum:																		
Earnings.....	637	696	1,012	17	3	12	274	409	438	42	49	79	74	70	112	230	309	371
Income receipts.....	566	696	677	-3	-17	-20	282	327	263	9	16	33	75	73	98	212	268	269
Branch profits.....	384	512	848	-18	-31	-45	201	280	269	3	3	1	20	62	62	126	268	245
Dividends and interest.....	171	164	160	18	14	20	61	77	44	6	12	32	20	21	11	56	90	22
Manufacturing:																		
Earnings.....	637	696	645	301	268	257	180	170	166	172	104	169	1	2	2	27	63	66
Income receipts.....	257	331	287	211	164	130	68	72	61	60	71	66	1	1	1	23	23	29
Branch profits.....	40	88	61	6	6	4	21	48	43	0	20	7	(1)	(1)	(1)	7	6	6
Dividends and interest.....	817	263	225	204	159	135	34	25	21	68	61	40	(1)	(1)	(1)	15	17	30
Public utilities:																		
Earnings.....	41	43	42	9	0	0	20	27	32	(1)	(1)	(1)	(1)	(1)	(1)	6	6	7
Income receipts.....	44	45	40	9	11	11	23	31	35	(1)	(1)	(1)	(1)	(1)	(1)	1	4	3
Branch profits.....	8	6	0	-1	(1)	(1)	8	6	9	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Dividends and interest.....	26	40	45	10	11	11	28	26	26	(1)	(1)	(1)	(1)	(1)	(1)	2	4	8
Trade:																		
Earnings.....	117	143	145	29	28	34	20	40	55	35	34	32	4	6	4	20	25	21
Income receipts.....	72	79	79	17	13	14	17	20	25	21	20	24	3	4	3	14	15	14
Branch profits.....	25	42	45	6	3	5	12	17	18	6	6	7	3	4	2	10	12	12
Dividends and interest.....	37	26	38	12	10	9	6	6	7	18	14	10	(1)	1	1	4	4	3
Miscellaneous:																		
Earnings.....	81	96	100	37	43	53	22	23	20	13	20	20	2	3	2	7	18	8
Income receipts.....	63	71	63	29	31	41	15	16	16	10	12	14	2	2	2	0	8	7
Branch profits.....	48	63	61	17	20	22	12	13	10	7	10	10	2	2	2	3	8	7
Dividends and interest.....	10	17	22	12	11	15	3	3	2	3	2	4	(1)	(1)	(1)	1	1	1

1. Less than \$500,000.

Note.—Negative entries for Canada largely reflect exploratory expenses charged against branch profits.

Source: U. S. Department of Commerce, Office of Business Economics.

profits of these industries were only about \$30 million greater in 1952 than in the previous year, they increased their rate of branch investments from \$60 million in 1951 to over \$350 million in 1952, so that a greater proportion of earnings was clearly used abroad.

Foreign earnings and domestic industry

The extension of American enterprises into foreign countries, which began about 50 years ago and has proceeded on an unprecedented scale since 1945, is largely an outgrowth of the search for wider and more diversified markets for the products which American manufacturers can mass produce efficiently, and the need for raw materials necessary to higher production levels in the United States and other countries. These enterprises, valued at nearly \$15 billion at the end of 1952, are increasingly important adjuncts to the domestic business of the United States parent companies and to the United States economy as a whole. An important aspect of the considerable reliance on the activities of the foreign enterprises is the role of direct investments abroad in supplying various materials essential for our domestic economy.

In an earlier article¹ the proportion of United States imports which was derived from American-owned productive facilities abroad was estimated to be about 25 percent in 1950. A more detailed study covering 19 major import commodities in 1952 has now been completed and the principal results are shown in tables 7 and 8.

Many sources were used in deriving the data for imports of the selected commodities. In some cases it was known that the sole producer of a given commodity in a given country was a United States-controlled enterprise. Where production was from several sources, or facilities were jointly owned, there were data sometimes available regarding shipments to the United States by the United States enterprise. In still other cases where there were several producers of a given basic commodity within a country, it was necessary to assume that United States imports could be attributed to United States producers in proportion to their share in the output of the commodity in the country. Alternatively, it could have been assumed that United States imports were derived first from the output of the United States-controlled companies. On this basis the share of imports attributable

1. SURVEY OF CURRENT BUSINESS, October 1951.

Table 4.—U. S. Equity in Direct-investment Earnings and

(Millions of dollars)

Areas and countries	Total						Manufacturing			
	1950		1951		1952		1950		1951	
	Earnings	Income receipts	Earnings	Income receipts	Earnings	Income receipts	Earnings	Income receipts	Earnings	Income receipts
All areas, total.....	1,788	1,384	2,526	1,492	2,280	1,419	637	557	606	331
Canada.....	445	291	426	236	415	221	301	211	268	154
Latin American Republics.....	606	522	538	632	885	695	105	55	170	72
Argentina.....	17	6	28	11	29	13	14	4	19	5
Brazil.....	106	61	148	76	145	64	47	22	80	39
Chile.....	37	41	50	54	55	61	(1)	(1)	(1)	(1)
Colombia.....	16	10	15	12	18	13	4	2	4	3
Costa Rica.....	13	12	12	13	14	14	(1)	(1)	(1)	(1)
Cuba.....	50	43	60	48	50	44	7	5	6	4
Dominican Republic.....	17	14	31	25	21	14	(1)	(1)	(1)	(1)
Ecuador.....	2	2	2	3	4	4	(1)	(1)	(1)	(1)
Guatemala.....	11	18	7	7	6	3	(1)	(1)	(1)	(1)
Honduras.....	16	15	17	16	16	15	(1)	(1)	(1)	(1)
Mexico.....	43	29	63	31	50	32	17	8	29	8
Panama.....	25	18	103	37	98	43	(1)	(1)	(1)	(1)
Peru.....	21	16	27	33	32	25	(1)	(1)	(1)	(1)
Uruguay.....	5	4	11	0	7	4	4	3	4	5
Venezuela.....	232	226	267	278	329	268	5	4	9	6
Other countries.....	8	5	7	4	5	3	1	1	1	(1)
Western Europe.....	255	111	382	175	308	129	172	69	194	71
Belgium.....	18	0	17	0	17	6	10	3	12	4
Denmark.....	2	2	3	1	3	3	1	1	1	1
France.....	31	6	41	10	37	10	21	4	28	6
Germany.....	27	3	21	4	19	4	19	1	12	3
Italy.....	8	2	13	0	10	7	6	1	7	2
Netherlands.....	15	5	14	6	13	5	3	1	3	1
Portugal.....	3	3	3	2	4	2	(1)	(1)	(1)	(1)
Sweden.....	7	3	8	3	7	4	4	1	5	2
Switzerland.....	5	4	8	4	5	4	5	3	5	3
United Kingdom.....	141	73	183	74	174	78	103	53	118	49
Other countries.....	12	0	13	4	17	0	4	1	4	(1)
Western European dependencies.....	160	95	126	162	154	127	1	1	2	1
Western Hemisphere.....	18	10	15	12	12	12	(1)	(1)	(1)	(1)
Africa.....	14	11	29	21	27	15	(1)	(1)	(1)	(1)
Asia and Oceania.....	74	70	78	76	115	99	1	1	2	1
Other countries.....	349	359	347	376	513	343	67	22	63	33
Africa.....	4	2	6	2	8	5	3	1	3	1
Egypt.....	15	12	35	13	30	12	12	4	15	3
Liberia.....	28	13	23	23	25	23	(1)	(1)	(1)	(1)
Union of South Africa.....	14	12	15	10	10	10	6	4	7	3
Asia.....	36	27	35	34	38	4	6	1	4	1
Indonesia.....	2	2	3	3	3	3	(1)	(1)	(1)	(1)
Japan.....	30	28	30	29	30	27	(1)	(1)	(1)	(1)
Philippine Republic.....	171	161	190	250	303	269	(1)	(1)	(1)	(1)
Other Asia.....	28	11	35	11	34	8	22	6	28	4
Australia.....	3	2	4	3	4	2	3	1	3	1
New Zealand.....										

1. Included in totals.

2. Less than \$500,000.

Source: U. S. Department of Commerce, Office of Business Economics.

to United States-controlled companies would have been somewhat higher.

No attempt was made to make estimates for nonspecified commodities, particularly manufactures, which are imported from United States-owned foreign enterprises. The estimate for imports derived from American-owned facilities abroad is therefore probably an understatement of the total.

Imports of selected commodities from United States-controlled sources in 1952 may be estimated at about \$2.2 billion or 21 percent of total imports, nearly the same ratio as in 1950, although total imports were \$1.8 billion higher in 1952.

Among the commodities listed in table 7 are many which are of crucial importance in the United States economy. Some of them, such as petroleum, copper, nickel, and aluminum, are derived almost entirely from foreign enterprises in which Americans are the principal investors. For others, such as crude rubber and iron ore, a smaller share comes from United States-controlled sources. In the case of iron ore, however, the supply from United States-developed sources abroad will soon be greatly expanded, and this will also be true of such commodities as manganese and titanium.

Income received on United States portfolio investments

abroad—holdings of foreign securities, claims or miscellaneous assets not connected with foreign affiliated companies—was at a postwar high of nearly \$200 million in 1952. Income from this source was small relative to the income from direct investments, in contrast with its primary importance in the 1920's. Nevertheless it has increased slowly since the war as Americans added to their investments in Canadian bonds and stocks and began to purchase substantial quantities of the obligations of the International Bank for Reconstruction and Development. However, income from Canadian securities will probably decline in 1953 as a result of a liquidation of some internal issues acquired mainly in 1950.

A new development affecting the income from portfolio securities, as well as their future market in the United States, was the signing of agreements with Germany and Japan which will result in the resumption of interest payments on their debts to American bondholders. In the case of Germany, the interest payments will depend partly upon the extent to which the outstanding bonds are still held in the United States and presented for validation. At a minimum these payments were estimated to be about \$5 million annually. A further \$5 million of interest will also be paid by Japan under the new agreement.

Income Receipts by Countries and Major Industries, 1950-52

(millions of dollars)

[illegible]

Interest on Government credits

Interest payments by foreign countries on credits from the United States Government were about \$200 million in 1952, and were scheduled to reach a peak of about \$230 million in 1954.¹ Of course, any large new credits by the United States

Table 5.—United States Equity in Undistributed Profits of Foreign Subsidiaries, 1950-52, by Industry and Specified Countries

(Millions of dollars)			
	1950	1951	1952
Total	426	752	870
Industries			
Agriculture.....	24	20	28
Mining and smelting.....	33	30	45
Petroleum.....	74	204	338
Manufacturing.....	208	339	357
Public utilities.....	10	14	16
Trade.....	44	63	68
Other.....	16	37	27
Countries			
Canada.....	140	181	190
Latin American Republics.....	109	239	343
Argentina.....	12	18	16
Brazil.....	35	67	85
Chile.....	(1)	3	5
Colombia.....	6	3	7
Cuba.....	10	13	9
Dominican Republic.....	2	8	7
Mexico.....	15	33	39
Panama.....	12	70	55
Peru.....	5	3	6
Uruguay.....	2	6	3
Venezuela.....	—4	13	73
Other.....	5	7	4
Western Europe.....	151	181	174
Belgium.....	7	9	10
France.....	25	30	20
Germany.....	24	17	14
Italy.....	7	8	3
Netherlands.....	9	8	3
Spain.....	2	3	3
Sweden.....	6	4	3
United Kingdom.....	50	90	93
Other.....	5	10	10
Western European dependencies.....	—3	6	27
Western Hemisphere.....	3	2	—2
Africa.....	—3	6	13
Asia.....	—3	—1	16
Other countries.....	71	133	172
Australia.....	16	25	25
Egypt.....	2	3	2
India.....	2	4	6
Indonesia.....	0	4	25
Liberia.....	3	23	23
Philippine Republic.....	11	0	6
Union of South Africa.....	12	10	13
Other.....	17	55	40

¹ Less than \$500,000.

Note.—Negative amounts reflect the payment of dividends in excess of earnings for the year.

Source: U. S. Department of Commerce, Office of Business Economics.

Table 6.—Branch Profits and Capital Movements, 1950-52, by Industry

(Millions of dollars)						
Industries	1950		1951		1952	
	Branch profit	Branch capital outflows	Branch profit	Branch capital outflows	Branch profit	Branch capital outflows
Total	624	101	534	143	593	424
Agriculture.....	10	1	61	27	58	—10
Mining and smelting.....	65	34	37	65	58	130
Petroleum.....	334	62	343	5	648	223
Manufacturing.....	43	21	68	29	61	29
Public utilities.....	5	10	5	—12	9	7
Trade.....	23	30	42	33	43	33
Other.....	44	24	33	5	41	5

Source: U. S. Department of Commerce, Office of Business Economics.

2. For detailed projections see the SURVEY OF CURRENT BUSINESS, October 1953, page 19. The projections are based on credits outstanding as of June 30, 1953.

Government would increase these interest receipts in the future. About 80 percent of the interest is paid by countries in Western Europe, largely the United Kingdom and France. Payments of interest on these Government credits by Western European countries were about \$40 million higher than the income received from direct investments in these countries in 1952. Income payments by Western Europe to the United States on both private and Government investments are currently about equal to the income received by Europe on its accumulated investments in the United States.

Table 7.—Selected United States Imports, 1952, Total and Estimated Portion Attributable to United States Direct-Investment Companies, by Specified Areas

(Millions of dollars)								
Selected commodities	Total		Canada		Latin American Republics		Other	
	Total imports	Percent from direct-investment companies	Total imports	Percent from direct-investment companies	Total imports	Percent from direct-investment companies	Total imports	Percent from direct-investment companies
Crude rubber.....	818	15	—	—	3	(1)	817	15
Newsprint.....	571	35	432	40	—	—	139	—
Crude oil.....	484	95	3	70	220	90	162	95
Sugar.....	415	45	—	—	324	50	91	20
Copper.....	357	55	52	75	286	95	47	28
Paper base stocks.....	228	73	278	90	—	—	47	—
Refined oil products.....	257	70	6	75	84	30	133	45
Sawmill products.....	223	30	193	10	16	20	13	25
Lead.....	202	45	25	14	104	90	63	20
Bananas.....	128	75	—	—	128	75	—	—
Vegetable oils and oil seeds.....	137	10	—	—	20	5	78	15
Fertilizers.....	114	40	48	35	30	90	26	(1)
Nickel.....	113	98	98	98	8	100	7	50
Zinc.....	112	25	80	15	47	40	15	18
Iron ore.....	83	50	14	90	36	60	33	18
Alumina, including bauxite.....	78	90	43	100	—	—	35	75
Silver.....	67	30	17	30	35	70	14	30
Asbestos.....	62	33	54	35	—	—	8	—
Chrome.....	28	40	—	—	2	55	35	40
Total.....	4,404	51	1,423	50	1,282	78	1,458	29

¹ Less than 5 percent.

Note.—The percentages of imports of specified commodities attributable to United States direct-investment companies are estimates based on a number of sources, and, although they are believed to be reasonably accurate, they are not to be considered literally accurate. The list of commodities does not include all commodities which are produced abroad by United States direct-investment companies for sale in the United States.

Source: U. S. Department of Commerce, Office of Business Economics.

Table 8.—United States General Imports of Specified Commodities, Total and Portion Attributable to United States Direct Investments Abroad, Compared to Total United States Imports, 1952

(Amounts in millions of dollars)				
Item	Areas			
	Total	Canada	Latin American Republics	Other
Total census imports, adjusted ¹	10,885	2,406	3,547	4,938
Imports of commodities listed in table 7.....	4,404	1,443	1,503	1,458
Ratio of selected imports to total imports.....	40	60	42	29
Selected imports—ratio of United States produced imports to total.....	51	50	74	29
Total imports—ratio of imports of United States produced selected commodities to imports of all commodities.....	31	30	31	9

1. The adjustments consist of the addition of silver to the census totals and a revaluation of banana imports.

Source: U. S. Department of Commerce, Office of Business Economics.